

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - August 29, 2005

United States Attorney Carol C. Lam announced that William McCray, the former head of a fraudulent foreign currency trading operation, was sentenced today in U. S. District Court in San Diego by the Honorable Napoleon A. Jones, Jr. to serve 211 months in prison and ordered to pay \$11,680,886 in restitution.

William McCray was convicted on November 14, 2003, by a jury trial on all counts presented, which consisted of nine counts of mail fraud, six counts of wire fraud, four counts of perjury, five counts of money laundering, and three counts of tax fraud, for his leadership of the fraudulent operation of International Forex of California ("IFL") and Earthwise International ("EWI") -- two La Jolla-based entities that solicited the public to invest in "managed currency accounts" that purportedly traded in foreign currencies.

McCray was also sentenced to three years of supervised release and ordered to pay a \$2,700 mandatory assessment. He was also ordered to pay \$547,283 in restitution to the Internal Revenue Service for his efforts at evading the payment of taxes on money he took from the scheme. The judge also entered an order forfeiting any remaining interest the defendant may have had in \$5.8 million and a Porsche Boxster

automobile. His sentence of imprisonment, 211 months, was ordered to be served concurrent to the term of 123 months in custody to which he was sentenced on June 6, 2005, by United States District Judge James Lorenz for McCray's operation of a similar fraudulent foreign currency operation using an entity called Fundamental Trading Analysis ("FAT"). McCray has been in custody since February 12, 2002.

According to the evidence presented at trial, McCray, along with co-defendant Paul Yates, (Yates was sentenced by Judge Jones to 78 months' imprisonment on April 28, 2004, for his role in this case), used International Forex and Earthwise International to fraudulently obtain more than \$30 million from members of the public by falsely representing, among other things, that the companies had achieved annual returns for their managed currency accounts of 62% in 1993, 70% in 1994, 79% in 1995, 54% in 1996, 62% in 1997, and 52% in 1998; that investor funds were held in trust with the Bank of New York; that investor funds were insured; and that individual investors' accounts were earning substantial positive returns. The defendant's scheme ended up costing investors more than \$11 million.

According to Assistant U.S. Attorneys George Aguilar and Yesmin Saide, who prosecuted the case, the evidence presented at trial also showed that McCray committed perjury in bankruptcy proceedings in an effort to conceal the relationship between International Forex and Earthwise International. McCray also conducted several financial transactions moving some of the proceeds of the fraud to a bank in Bermuda and then back into the United States. McCray also used proceeds of the scheme to purchase a condominium and a Porsche Boxster. Finally, McCray filed false tax returns in an effort to conceal the amount of money he received from the operation of IFL.

United States Attorney Lam stated, "McCray's foreign currency scams devastated the retirement plans and financial hopes of his many victims. This lengthy sentence is well-deserved."

This case is the product of a joint investigation by the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the United States Postal Inspection Service, and the Office of the United States Trustee.

## **DEFENDANT**

William McCray

## **SUMMARY OF CHARGES**

Title 18, United States Code, Section 1341 - Mail Fraud (nine counts)

Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, United States Code, Section 1343 - Wire Fraud (six counts)

Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, United States Code, Section 1623 – Perjury (four counts)

Maximum penalty per count: five years, fine of \$250,000

Title 18, United States Code, Section 1956 – Money Laundering (two counts)

Maximum penalty per count: 20 years, fine of \$500,000 or twice the value of the monetary transaction

Title 18, United States Code, Section 1957 – Money Laundering (two counts)

Maximum penalty per count: 10 years, fine of \$250,000

Title 18, United States Code, Section 371 – Conspiracy (one count)

Maximum penalty per count: 5 years, fine of \$250,000

Title 26, United States Code, Section 7206(1) – Filing False Tax Return (two counts)

Maximum penalty per count: 3 years, fine of \$100,000

## **AGENCIES**

United States Postal Inspection Service

Internal Revenue Service, Criminal Investigation Division

Federal Bureau of Investigation

Office of the United States Trustee